

Article - Real Property

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§10–301.

(a) If, in connection with the sale and purchase of a new single-family residential unit, the construction of which has not begun or, if begun, is not completed at the time of contracting the sale, the vendor or builder obligates the purchaser to pay and the vendor or builder receives any sum of money before completion of the unit and grant of the realty to the purchaser, the builder or vendor shall:

(1) Deposit or hold the sum in an escrow account segregated from all other funds of the vendor or builder to assure the return of the sum to the purchaser in the event the purchaser becomes entitled to a return of the sum;

(2) Obtain and maintain a corporate surety bond in the form and in the amounts set forth in § 10–302 of this subtitle, conditioned on the return of the sum to the purchaser in the event the purchaser becomes entitled to the return of the money; or

(3) Obtain and maintain an irrevocable letter of credit issued by a Maryland bank in the form and in the amounts set forth in § 10–303 of this subtitle.

(b) (1) Except as provided in paragraph (2) of this subsection, the vendor or builder shall maintain the escrow account, surety bond, or irrevocable letter of credit until the happening of the earlier of:

(i) The granting of a deed to the property on which a completed residential unit is located to the purchaser;

(ii) The return of the sum of money to the purchaser; or

(iii) The forfeiture of the sum by the purchaser, under the terms of the contract of sale relating to the purchase of the residential unit.

(2) The vendor or builder may make withdrawals from an escrow account established under subsection (a)(1) of this section that consists of sums received to finance the construction of a residential unit to pay, in accordance with a draw schedule agreed to by the purchaser in writing, documented claims of persons who have furnished labor or material for the construction of the residential unit.

(c) (1) (i) In this subsection the following words have the meanings indicated.

(ii) “Banking institution” has the meaning stated in § 1–101 of the Financial Institutions Article.

(iii) “National banking association” has the meaning stated in § 1–101 of the Financial Institutions Article.

(2) A banking institution or national banking association at which an escrow account established under subsection (a)(1) of this section is maintained is not responsible for a withdrawal from the escrow account made by the vendor or builder.

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